



Department of Justice

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JUSTICE DEPARTMENT, ALCAN INC. AND PECHINEY S.A. AGREE TO MODIFY ANTITRUST SETTLEMENT

Settlement Will Maintain Brazing Sheet Competition in North America

WASHINGTON, D.C. – The Department of Justice, Alcan Inc., and Pechiney, S.A., have reached an agreement to modify an earlier antitrust settlement that would resolve the government's competitive concerns stemming from Alcan Inc.'s successful tender offer for Pechiney, S.A.

The amended settlement, if approved by the court, allows the parties to have the option to sell either Alcan's aluminum rolling mills in Oswego, New York, and Fairmont, West Virginia, or Pechiney's aluminum rolling mill in Ravenswood, West Virginia. The Department agreed to amend the settlement, in part, because the companies may be able to divest Alcan's brazing sheet business more quickly than Pechiney's brazing sheet business. Today's settlement was filed in U.S. District Court in Washington, D.C.

"The divestiture of either Alcan's Oswego and Fairmont aluminum rolling mills or Pechiney's Ravenswood rolling mill will preserve competition in brazing sheet in North America," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. "The amended settlement is more flexible, but no less protective of continued competition, than the remedy proposed in the initial settlement."

On September 29, 2003, the Department's Antitrust Division filed a lawsuit in U.S. District Court in Washington, D.C., to block Alcan's bid for Pechiney. At the same time, the

Department filed a proposed consent decree that would have resolved the government's concerns by requiring the sale of Pechiney's brazing sheet business.

The lawsuit alleged that the acquisition would substantially lessen competition in the development, production, and sale of brazing sheet, an aluminum alloy used in fabricating radiators, oil coolers, heaters, and air conditioning units for motor vehicles. The government also alleged that Alcan's acquisition of Pechiney would reduce the number of major North American producers of brazing sheet from four to three, and increase the prospect of future cooperative brazing sheet price increases.

Pechiney and Alcan were two of the four largest domestic producers of brazing sheet. Pechiney accounted for more than 30 percent and Alcan more than 10 percent of all brazing sheet sold in North America. After the acquisition, Alcan and one other competitor accounted for more than 80 percent of brazing sheet sold in North America. Total sales of brazing sheet in North America exceed \$360 million annually.

Alcan, a Canadian corporation headquartered in Montreal, Quebec, is the second largest fully integrated aluminum producer in the world. In 2002, Alcan reported worldwide sales of about \$12.5 billion. Pechiney, headquartered in Paris, France, is also one of the world's leading producers of aluminum and aluminum products. In 2002, Pechiney reported total sales of about \$11.3 billion, including over \$100 million in annual sales of brazing sheet in North America, produced by its Ravenswood aluminum rolling mill.

As required by the Tunney Act, the proposed amended consent decree will be published in the *Federal Register*, along with the Department's revised competitive impact statement. Any person may submit comments concerning the proposed amended decree during the 60-day comment period to Maribeth Petrizzi, Chief, Litigation II Section, Antitrust Division, U.S.

Department of Justice, 1401 H Street, NW, Suite 3000, Washington, DC 20530. At the conclusion of the 60-day comment period, the court may enter the amended consent decree upon finding that it serves the public interest.

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